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THE CASE OF THE

RAILWAY SHOPMEN

A Brief Statement of Facts
Concerning the Controversies Which
Precipitated the Strike

RAILWAY EMPLOYES' DEPARTMENT
American Federation of Labor

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THE CASE OF THE

RAILWAY SHOPMEN

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CONTENTS

PAGE

Telegram to President Harding giving brief outline of facts 7

PART I. THE CASE OF THE RAILWAY SHOPMEN IN BRIEF 9

Section 1. The Wage Controversy 9

Section 2. Rules and Contracting Out Work 14

PART II. A STATEMENT OF THE CASE FOR THE RAILWAY SHOPMEN 18

Section 1. The Wage Controversy 18

Organized Money Declares War on Organized Labor 20

Principles for Finding What is a "Just and Reasonable" Wage 21

Railroads Shift Their Financial Burdens to Employes 22

Correct Principle of "Basic Wage" 24

Money, Wages and Buying Power 25

"Basic Wage" Fixed Below Subsistence Level 26

Effect of Low Wages 27

Official Policy of United States Violated by Labor Board 29

Half-way Socialism 30

Conclusion 31

CONTENTS—Continued

	PAGE
Section 2. Rules and Contracting Out	33
Organized Money Again Attacks Organized Labor	34
The Attack Upon the Rules	37
What are the National Agreements	37
Pennsylvania Railroad Violates No. 119 and No. 218	39
Contracting Out Work and Shops	40
Miscellaneous Violations of Transportation Act	44
Unified Action of Carriers	45
Reply to Claim That Contracting Out Aimed at Economy	46
Railroads Not Penalized for Violations	47
Financial Improvement of Railroads	48
Railroad Hypocrisy as to "Public Service"	50
Seniority Rights of Employes	50
Conclusion	53

THE CASE OF THE
RAILWAY SHOPMEN

TELEGRAM TO PRESIDENT HARDING.

July 12, 1922.

The President,
The White House,
Washington, D. C.

It appears from your proclamation of July eleventh that incomplete information has been furnished you concerning the present dispute between the railroad operators and employes.

Ninety-two railroads have violated the Transportation Act, or decisions of the Railroad Labor Board, in one hundred and four cases. These involve not only contracting out work and shops but also wage decisions, interpretations of rules and rights of employes to select their own representatives.

When the Pennsylvania Railroad refused to comply with the Board's ruling Federal Judge Page held that the Board's decisions on wages or rules are only advisory.

The railroads have refused ever since the passage of the Transportation Act to establish National Boards of Adjustment, described by Labor Board as "an essential part of the machinery to decide disputes between the carriers and their employes."

The railroads have made all negotiations merely formal, thus throwing on the Board an impossible burden of arbitration.

The Board has abolished overtime pay for Sundays and holidays, enjoyed for thirty years even on unorganized roads.

The Board has established a basic wage of eight hundred dollars per year, although the U. S. Bureau of Labor statistics fixed the bare subsistence cost of living at over fourteen hundred dollars, and a minimum comfort budget at over twenty-three hundred dollars. When the basic wage is unjust it follows that all wages graded upwards for skill and responsibility are likewise unjust.

Organized employes support your declaration of May twenty-third, nineteen twenty-one, that the lowest wage must be enough for comfort and to insure that the struggle for existence shall not crowd out things truly worth living for and to provide

education, recreation and savings. Employes have never violated any decision of Board; but railroads have violated decisions and employes have refused to work under wages fixed by Labor Board in violation of provisions of Transportation Act. The Board has attempted to unload financial burdens of railroad managements upon employes through inadequate wages that will undermine the health and prosperity of the next generation.

After exhausting all other methods the employes sought again to obtain a conference and agreement with the railroad executives; only as a last resort did they strike.

We respectfully insist that no interruption of commerce or interference with mails is caused by direct or unlawful acts of the organized employes. Such interruption and interference results inevitably from attempt of railroads to operate with insufficient, incompetent and unskilled workmen. Such interruption and interference will continue and increase until agreement is obtained upon just and reasonable wages between the representatives of the skilled employes and railroad executives, who up to date have refused even to meet with employes' representatives. We stand ready to co-operate whole heartedly with any effort to bring about such an agreement.

WM. H. JOHNSTON, International President, International Association of Machinists.

J. W. KLINE, General President, International Brotherhood of Blacksmiths, Drop Forgers and Helpers.

J. A. FRANKLIN, International President, International Brotherhood of Boilermakers, Iron Ship Builders and Helpers of America.

B. M. JEWELL, President, Railway Employes' Department, American Federation of Labor.

J. J. HYNES, International President, Amalgamated Sheet Metal Workers' International Alliance.

JAS. P. NOONAN, International President, International Brotherhood of Electrical Workers.

MARTIN F. RYAN, General President, Brotherhood Railway Carmen of America.

JOHN SCOTT, Secretary-Treasurer, Railway Employes' Dept., American Federation of Labor.

PART I

THE CASE OF THE RAILWAY SHOPMEN IN BRIEF.

Section 1: The Wage Controversy.

History.

Prior to the World War railroad wages were utterly inadequate.

In 1900 average annual earnings of all railway employes were $567.00; in 1913, $757.00.

In 1914, according to statistics of United States Department of Labor, the cost of living on a "minimum level of health and decency" was $1,316.85.

From 1912 to 1915, average annual earnings of section men were $429.93.

During the war period railway employes were not unduly favored by the government. The buying power of average wages at the close of the war was less than that of the starvation wages of 1900.

After the war, railway employes' wages were brought up to pre-war buying power by the increase of 1920 and then reduced below the level by the decreases ordered in 1921 and 1922.

The Drive of Organized Money Power.

These decreases resulted from a concerted demand by large employers for lower wages in all lines of industry. Lower wages, by reducing the purchasing power of income from labor, would not reduce the cost of living to the workers. But lower wages would increase the purchasing power of income from fixed investments. This was the purpose of organized money power in its international program to reduce wages.

The organized money power operates in control of the railways as follows:

(1) Twelve New York banks hold 267 directorships in 92 Class I railroads.

(2) Twenty-five men (representing these banks) average eight directorships apiece, and link together 99 Class I railroads, operating 211,280 miles, or 82 per cent of the railroad mileage.

(3) Equipment companies and coal mines are controlled by the same combination.

(4) T. De Witt Cuyler, Chairman of the Association of Railway Executives, and W. W. Atterbury, Chairman of its Labor Committee—leaders of the drive of the railroads for wage reductions—are two of the 25 representatives of the banking combination.

Board Influenced By This Drive.

Under pressure from this financial combination, the Railroad Labor Board reduced wages July 1, 1921, 12½ per cent. Under the same pressure the Labor Board violated its legal obligation to establish "just and reasonable wages" based on the Transportation Act requirement of considering the "relation between wages and the cost of living."

The railroads insisted their financial condition should be first considered. On February 10, 1921, the Board ruled:

> "All questions involving expense of operation or necessities of railroads, and the amount of money necessary to secure the successful operation thereof, are under the jurisdiction, not of this Board, but of the Interstate Commerce Commission."

Thus the Board at first followed a generation of precedents holding that the financial condition of a railroad is immaterial to the fixing of a just wage—precedents established by a long line of federal judges and arbitrators, including such men as Charles R. Van Hise, Oscar S. Straus, Albert Shaw, Daniel Willard, Seth Low, Franklin K. Lane, W. W. Atterbury and William Howard Taft!

But under pressure of "vigorous and insistent appeals of the railroads for financial help" six members of the Board ruled June 10, 1922, that "the railway employe . . . should bear and forbear, until the carriers are back on their feet," and that it should "then be possible for the Railroad Labor Board to give increased consideration to all the intricate details incident to the scientific adjustment of the living and saving wage." Thus the Board violated the Transportation Act that created it and which required wages to be "just and reasonable" in relation to the cost of living, and gave the Board no jurisdiction to consider the financial condition of the railroads.

The Correct Wage Fixing Principle.

The correct wage fixing principle, contended for by the employes and violated by the Labor Board, is that the "basic wage," for the lowest paid employe, should be a living wage and upon that basic wage the pay for more skilled and more responsible employes should be graded upward. Justice Higgins of the Australian Court of Conciliation and Arbitration states this principle as follows:

> "The Court adheres to its practice of dividing the minimum wage award into two parts: The 'basic wage,' the minimum to be awarded to unskilled laborers, on the basis of 'the normal needs of an average employe, regarded as a human being living in a civilized community'; and the other, the 'secondary wage,' the extra payment to be made for trained skill, or other exceptional qualities necessary for an employe exercising the functions required."

Degradation of Living as Result of Board's Basic Wage.

The basic wage fixed by the Labor Board was 23 cents an hour—being the lowest wage for maintenance-of-way men. Chairman Hooper claims that the average for section men of 32.7 cents per hour should be regarded as the Board's "basic wage." Therefore, although the Board's "basic wage" is in fact $563.00 per year, it may be regarded, according to the Board's theory, as $800.00 per year. This is not a living wage.

At 40 cents an hour (7.3 cents over the Board's basic wage) annual earnings should be apportioned as follows:

$383.20	Food.
180.00	Clothing.
240.00	Rent.
75.00	Heat and Light.
20.00	House Furnishings.
40.00	Cleaning Supplies.
41.00	Miscellaneous.
$979.20	Total.

The food allowance above shown would give the worker about 1,550 calories per day. Three thousand six hundred calories are necessary for a man doing moderate work. For heavy, muscular work Professor Lusk has fixed a requirement of approximately 5,000 calories. These earnings would allow

ten cents a meal for the wage earner, nine cents for the mother and twelve-year-old boy, four cents for a six-year-old, and five cents per day for a two-year-old. No physician would defend such under-nourishment. No household economist can show how a family can be adequately fed, clothed and housed upon such wages.

The organized railway employes who refuse to submit their families to the degradation of living which they would suffer by accepting and perpetuating such wage standards are fighting, not just a selfish struggle for a decent livelihood, but a battle to preserve the health and energy of the manhood and womanhood of the nation, and the stability of American institutions.

Dead babies, delinquent children, sluggish labor, diseased and broken men and women are the products of low wages.

The following tabulation shows that the Labor Board has not fixed "just and reasonable wages" as required by the Transportation Act:

Labor Board's annual basic wage	$ 800.00
Minimum subsistence budgets listed in dissenting opinions (including those prepared by employers' association) annual requirements of from..	1,150.00
to.....	1,700.00
United States Bureau of Labor Statistics bare level of subsistence budget	1,400.00
United States Bureau of Labor Statistics minimum comfort budget	2,300.00

Not a single wage fixed in recent decisions approaches the requirements of the United States Bureau of Labor budgets, and the great mass of workers are given earnings below the average requirements fixed in minimum budgets of all organizations recently compiling such statistics.

Implication of Board's Decision.

The only excuse presented for these wages is that the railroads cannot afford to pay "just and reasonable wages."

If the Labor Board is to say to the railway employe:

"You must accept less than a fair price for your labor, because the railroads cannot pay any more"—

then let the Labor Board say also to the landlord, to the dry goods merchant, to the butcher, to the furniture dealer, to the public utilities—

> "You must accept from railway employes less than the prices you have established as fair prices for what you furnish them. We will require him to accept less wages than will buy for him the things you have to sell, and which he must have. Therefore, you must sell to him for less than the prices which he cannot pay."

It is intolerably unjust for any government agency to attempt to regulate how many dollars a man shall be paid without any attempt being made to regulate at the same time how much food, clothing and shelter those dollars will buy.

Conclusion.

The mistake of the Labor Board is that it has been persuaded to reduce labor costs, on a theory that the cost of living would then fall to the new wage level, instead of performing its duty to help maintain wages on the level of the actual cost of living. The Board has been made the instrument of organized money power, represented by the 25 interlocking bank and railroad directors—the general staff of the American "Junkers"—who have been campaigning ever since the war to "put labor in its place," or, in still plainer language, to establish a system of industrial feudalism, which was developing rapidly in the United States before the World War.

Only a tiny group of less than 50,000, out of 100,000,000 people, will profit by the deflation of wages and the reduction of labor's purchasing power. The wholesale and retail merchant, the small manufacturer and business man in every line, and, most of all, the farmer, will suffer in a time of cheap labor and limited purchasing power. Only the tiny group of large investors will profit. And, for their profit, millions of wage earners and their families will be denied that health and comfort which the great natural resources and opportunities of America should insure to them. If the transportation workers can be beaten down and required to accept insufficient wages, what workers will be able to resist the same tyranny? The strike of the shop crafts marks a crisis in the struggle between money power and man power, between organized greed and

organized labor. The general staff of the American "Junkers" knows that they must win, not only for themselves and their families, but for the benefit of all those who live by labor, whether on the railroads, in the factories or on the farms.

Section 2: Rules and Contracting Out Work.

National Boards of Adjustment.

Boards of Adjustment were provided for in the Transportation Act and described by Labor Board as "an essential part of the machinery to decide disputes between the carriers and their employes."

Majority of Labor Committee of Association of Railway Executives, representative practical operators, reported in favor of National Boards. Minority report, representing banking group with anti-labor program, insisted: "Make no contracts whatever with the labor organizations." Minority report was approved, 60 to 41, New York Central and Pennsylvania casting the deciding 16 votes.

Railway Executives deliberately flooded the Labor Board with cases; nearly 1,200 decisions being required in two years and 1,500 undisposed of cases accumulated. Thus the usefulness of the Board was impaired and employes suffered irreparable losses from long delays in obtaining decisions.

The establishment of National Boards of Adjustment would have provided machinery for disposing of most of cases on rules and working conditions by negotiation and left the Board free to give adequate and speedy attention to wages and other matters of large importance.

National Agreement.

Association of Railway Executive demanded abrogation of national agreements, which provided rules and working conditions which had been developed during thirty years' negotiations. Labor-smasher Atterbury of Pennsylvania claimed "chaos" and "bankruptcy" would result from continuance. Yet after hearings and negotiations only seven amended rules were issued, which were not acceptable, and the national agreements as a whole remained in force.

Chief purpose of attacking national agreements was to break down national organizations of the employes.

Pennsylvania Tries to Destroy Employes' Organizations.

The Pennsylvania Railroad, in order to obtain separate rules by negotiation with "company unions" and to destroy national organizations of employes, denied rights of employes to select their own representatives and then refused to obey Labor Board when it laid down rules for free elections. Federal Judge Page enjoined the Labor Board at suit of Pennsylvania (U. S. Circuit Court of Appeals has recently reversed Judge Page's decision and directed dismissal of Pennsylvania's bill).

Contracting Out Work and Shops.

Leading railroads adopted policy of contracting out work and shops for three purposes: (1) to reduce wages; (2) to change established working conditions; (3) to disintegrate employes' organizations.

The Labor Board held: "If the carrier can legally do the thing which has been done under these contracts, then the entire Transportation Act can be nullified and the will of the Congress of the United States set at naught. If one class of employes can thus be taken from under the application of the Act there is no sound reason why each and every railroad employe in the United States cannot be given like treatment."

Erie, Pennsylvania and Western Maryland railroads were among the many offenders and have refused to obey the decision of the Board against this practice.

In contracting out work, changing rules and decreasing wages a total of 92 railroads have violated decisions of the Board in 104 cases, causing huge losses to employes.

Financial Improvement of Railroads.

The railroads, through increased rates and decreased expenses, were $1,000,000,000 better off July 1, 1922, than in 1920.

Railroad income on tentative "valuation" of Interstate Commerce Commission averaged 5.75 per cent for 68 months and 3.25 per cent for 16 months, or a grand average of 5.27 per cent from 1915 to 1921 and in the middle of 1922 was again approaching 5.75 per cent. With expected increase of traffic total railroad net earnings would soon exceed the maximum fixed by law.

There was no necessity of wage reductions to assist the railroads. Previous history shows highest net income was

earned in period of lowest freight rates and highest wages. The 5.75 per cent return will allow leading railroads over 10 per cent on common stock, on account of a lower rate of bond interest.

Railroad prosperity depends on volume of traffic and efficient operation, which requires competent employes, earning a reasonable livelihood under fair working conditions.

Conclusion.

As was stated in the chapter concerning the wage controversy, the main difficulty in this entire situation arises from the fact that the Labor Board has been persuaded to put into effect policies favored by, and of benefit to, only a tiny group of one hundred million people of the United States. To less than fifty thousand persons, the large investors receiving income from fixed investments, it is of great selfish interest that labor may be obtained as cheaply as possible, in order that the dollars which they receive from investments and which they do not earn by daily labor, may buy as much as possible of the labor of other men. It is to their interest to break down the effectiveness of the self-protecting, self-governing organizations of workers, in order to compel the disorganized workers to accept as meager a return as possible for their services.

But it should be reiterated that cheap labor, dissatisfied labor, labor made sluggish and inefficient by unfair conditions of work and inadequate wages, that promote daily dissatisfaction in a man, with himself and with his lot in life—that such labor is not the basis of sound, enduring prosperity, or a proper foundation upon which to build for the future of the family or the community. Nor is there any excuse in America, with its boundless resources, its vast areas of undeveloped land, its powerful position in the family of nations, for the degradation of any standard of living yet attained, or for any limitation upon the power of the American worker to organize and cooperate to promote the general welfare of all those who do useful work in the world.

Not even the prosperity of the excessively rich is threatened by conditions wherein they are called upon to sacrifice the interests of the few for the good of the many. The operations of the banking combination behind the throne of the railroads can only be described as exhibitions of the stupidity and arro-

gance of intrenched power. It cannot be too often asserted that the opposition of organized labor to this intrenched power is not a selfish struggle, but an essential part of the constant effort that free labor has been forced to make in every period of modern history to resist the growth of a financial power greater than the power of the government ordained by the people to advance the general welfare.

It is all the more important that the resistance of the workers should be made and understood, when this financial power operating behind the scenes brings pressure to bear on governmental bodies and attempts to clothe its selfish private purposes with the trappings of public authority.

PART II

A STATEMENT OF THE CASE FOR THE RAILWAY SHOPMEN.

Section 1: The Wage Controversy.

To aid in forming an intelligent public opinion concerning the strike of the railway shop craft employes, the following statement is presented outlining the development of, and the issues in, the wage controversy between the railroads and their employes.

Prior to the World War, for many years, the wages paid to a majority of workers in the transportation industry were utterly inadequate. The average annual earnings of all railway employes in 1900 were $567.00, and in 1913 were $757.00. (Report of B. M. Manly, Former Joint Chairman of the War Labor Board.) Yet the minimum subsistence budgets of this period show that at least $800.00 was necessary barely to support a family (U. S. R. M. Labor Board Decision 1028); and the cost of living on a "minimum level of health and decency," as shown by statistics of the United States Department of Labor, for the year 1914 was $1,316.85. The average annual earnings of section men 1912-1915 were $429.93 (I. C. C. Report 1915).

The failure of wages of railway workers to keep pace with rising costs of living, prior to, and in the early years of, the European War explains: (1) The vigor with which these wage earners have sought increases and opposed reductions in wages; (2) the pressing necessity for raising wages during the war period; and (3) the injustice of fixing wages today on a basis of buying power no greater than that of the insufficient pre-war wages.

During the war period heavy increases in wages were absolutely necessary; first, merely to maintain the buying power of pre-war wages in the face of a more than doubled cost of living; second, to retain in public service employes, such as the shop craft men, who were being drawn into private industries through the higher wages there offered.

The railway employes were not unduly favored by the government. The buying power of railroad wages in the last half of 1921 was no higher than the buying power of the

starvation wages of 1900, which averaged $567.00 per year. (Manly Report.) This was prior to the reductions in pay, and changes in rules still further reducing pay, that brought on the present strike.

The fiction of political favoritism of railway workers was finally exploded in recent hearings before the Senate Interstate Commerce Committee, which disclosed that the leading railway executives, fearful of losing valuable employes, had advised larger wage increases than those actually put in effect by the government!

After the war there came a concerted and organized demand, from large employers, for lower wages in all lines of industry. It was urged: first, that labor had taken advantage of war conditions to obtain excessive wages; and, second, that high costs of living could not be lowered except through wage reductions. Both these claims were essentially false.

First, in unionized trades outside of transportation and mining, the buying power of wages in 1918 was 66 per cent of that of 1907. In 1919 it was 71 per cent; in 1920, 81 per cent; and only with declining prices in 1921 did it reach 94 per cent (Manly Report). In the mining industry wages were still lower in buying power during the war period than in 1907. The transportation workers, as previously shown, just managed to remain on the level of the miserable pre-war wages.

Second, a true "high cost of living" is only found when prices rise more rapidly than wages. A reduction in the wage level, without similar price reductions, will necessarily increase the "cost of living" to the vast majority of workers; and, at the same time, by reducing their mass purchasing power, insure an industrial depression and decrease employment, thus further lowering individual and mass buying power. All these results have followed the campaign to deflate labor, the purpose and result of which has been, not to reduce the "cost of living," but to increase the value of income from fixed investments.

The organized money power, which has planned and carried out a national program to reduce wages, has served the obvious interest of large security holders, primarily. They are a tiny group, less than 50,000 out of 100,000,000 people, but the most powerful and well organized in the United States. The wage reduction program which they have engineered means

that the income from a given investment will enable them to command an increased amount of work from the workers.

Before the war five per cent interest on $10,000 would pay for one year's labor of a factory worker or of a section man on the railroads. When wages were high it took five per cent interest on $20,000 to pay for a year's labor of such a worker. But capital expansion resulting from war profits had given large investors something like $20,000 at five per cent for every $10,000 held before the war. If it had not been for high wages they would have had a right to a year's labor of two workers for every one that they could command or pay for before the war.

They are therefore forcing wages down in order to secure a larger share in distribution, to which they believe their increased wealth entitles them. Higher wages, if maintained, would thus be in the nature of a capital levy upon the owners of inflated capital (fixed investments), thereby forcing a fairer distribution of the war burdens than the financial powers, who dominate our social, industrial and political life, would permit.

Organized Money Declares War on Organized Labor.

The Pujo Committee proved the existence of a "money trust" in the United States. The operation of this organized money power in the control of the railways is demonstrated in charts recently presented to the Interstate Commerce Commission, which show:

A. That 12 New York banks hold 267 directorships in 92 Class I railroads—an average of three for each, but with more directors on the more important roads.

B. That 25 men, averaging eight directorships apiece, link together 99 Class I railroads operating 211,280 miles, or 82 per cent of the railroad mileage.

C. That the most important railroad equipment companies and coal mines are controlled by the same combination.

D. That T. De Witt Cuyler, Chairman of the Association of Railway Executives, and W. W. Atterbury, Chairman of its Labor Committee—the leaders of the drive of the railroads for wage reductions—are two of the 25 men representing the banking combination that dominates the operation of American railroads.

The organized money power has been carrying on since the close of the war a nation-wide campaign:

1. To reduce wages and prevent attainment of a true "American standard of living";

2. To break down the effectiveness of labor organizations and establish the so-called "open shop," which is in fact an anti-union shop, in all important industries.

The steel workers, the coal miners, the building trades, the garment workers, and almost every other large group of organized employes have been forced into a desperate struggle to prevent drastic reductions in wages. Yet it was shown in the Annals of the American Academy of Political and Social Science for September, 1921, that:

> "Despite the tremendous increases in wages experienced during the last six years only few classes of wage earners have succeeded in keeping pace with the increased cost of living. . . . And if the great mass of workers, as was seen in the early part of this article, did not receive what is authoritatively considered an American living wage before the present advances in prices had begun, their standards at the present time are necessarily lower."

But under the impetus of this national campaign of financial interests the Railroad Labor Board ordered a reduction in wages of railway employes, effective July 1, 1921, which averaged 12½ per cent. Following this large decrease came extensive hearings ending in orders for further wage reductions, accompanied by indirect and severe cuts in pay caused by changes in rules and by the widespread, illegal practice of railroads in contracting out work, and even their entire shops. The shop craft men have refused to work under these proposed terms and a comparison of the wages offered and present costs of living will make clear the justice of their position.

Principles for Finding What Is a "Just and Reasonable" Wage.

According to the provisions of the Transportation Act, the Labor Board is required to establish "just and reasonable" wages, and in determining what is "just and reasonable" to

consider "the relation between wages and cost of living." There is not a word in the Act suggesting that the Board should consider, in fixing wages, the financial obligations, or general prosperity, of the railroads. It had been a settled principle in wage arbitrations for a generation prior to the creation of the Labor Board that the financial condition of a railroad had no bearing upon the determination of just wages. Otherwise, it would follow that wages for the same work would be higher on prosperous roads than on poorly located or inefficiently operated roads. Would anyone suggest that a machinist in Chicago, working for the Chicago & Alton, should receive less for the same work than a machinist working in the same city for the Illinois Central, merely because Chicago & Alton stock sells at $10.00 a share and Illinois Central stock sells at $100.00 a share?

Again, let it be noted that in the management and financial control of the railroads the wage earners have no voice. They cannot prevent inefficient, wasteful operations. They cannot prevent the milking of the roads through contracts with management-controlled equipment companies, or the farming out of work, such as that recently exposed before the Interstate Commerce Commission whereby the New York Central and Pennsylvania wasted $3,000,000. They cannot prevent the dishonest increase of capital obligations, such as the $60,000,000 added by Harriman to the liabilities of the Chicago & Alton, which the Interstate Commerce Commission found represented not one dollar of additional investment.

Again, there is a sound economic principle that a business must pay a living wage to its workers. Otherwise they can only live out of the surplus from some other industry. How absurd to suggest that the railroads, essential to the entire business of the country, should be a parasitic industry, whose workers should be supported by outside contributions! Of all industries it is most clear that transportation charges must and can provide wages sufficient to furnish the lowest paid employe with a decent living.

Railroads Shift Their Financial Burdens to Employes.

In the hearings before the Labor Board, which resulted in the wage reductions of July 1, 1921, and the reductions which were to take effect July 1, 1922, the railroads insisted that their

financial condition should be considered, and that the finding of a "just and reasonable" wage should depend in part upon the relation of their financial needs and their revenues. Early in the hearings the Board took the proper position that:

> "All questions involving the expense of operation or necessities of railroads, and the amount of money necessary to secure the successful operation thereof are under the jurisdiction, not of this Board, but of the Interstate Commerce Commission."

Thus the Board approved the principle established and accepted by all arbitrators and courts from 1893 to 1921, including Federal Judges Caldwell, Riner, Woolson, Sheppard, Maxey, and Arbitrators Charles R. Van Hise, Oscar S. Straus, Frederick N. Judson, Albert Shaw, Otto Eidlitz, Daniel Willard, Seth Low, John H. Finley, W. W. Atterbury, A. H. Smith, James J. Storrow, Franklin K. Lane, Charles C. McChord, William Howard Taft, and many others.

This line of authority was summed up by Professor Taussig, in commenting on the Boston Elevated Railroad Arbitration, as follows:

> "Practically the same point has been under consideration in various arbitrations between the great railway systems and their employes. Here, too, statements were made by the railways that they were not in a financial position to meet the higher wages, or at least the weaker among them were not. In these cases, also, the arbitrators decided that the current financial position of the railways was immaterial. The men were entitled to an award of fair wages. The companies had shouldered the risks of investment and also the risks of public regulation; and their owners, not their employes, must submit to any losses, whether these were due to bad management, misfortune, scant traffic or public regulation."

Yet in its recent decisions the majority of the Labor Board has clearly been influenced primarily by the "current financial position of the railways," as indicate by such language as the following taken from the majority opinions:

> "It is only patriotic common sense and justice that

every citizen, including the railway employes, should co-operate in a cordial spirit, should bear and forbear, until the carriers are back on their feet. When this accomplishment is safely under way it will then be possible for the Railroad Labor Board to give increased consideration to all the intricate details incident to the scientific adjustment of the living and saving wage, with enlarged freedom from the obligations of the 'relevant circumstances' of the abnormal period, which is now approaching its end. . . . It is idle to contend that labor can be completely freed from the economic laws which likewise affect the earnings of capital. . . . In this connection it must be remembered that the carriers are at liberty to pay to any class of employes a higher wage than that fixed by this Board, whenever the so-called labor market compels, provided, as the Act states, that such wage does not result in increased rates to the public."

It should be noted in this connection that the railroads are now advertising pay as high as $8.00 per day for men to take the places of those employes who have refused to accept wages of 25 to 50 per cent less, as fixed by the Labor Board.

The organized employes contend that the Labor Board, in reducing wages because of the financial condition of some of the railways (certainly not because of the financial condition of those railways that have been declaring stock dividends!), has not only violated the unbroken line of precedents of courts and arbitrators, but has also violated the Transportation Act; because the Board itself, as above quoted, ruled (February 10, 1921) that such questions were not under the jurisdiction of the Labor Board, but of the Interstate Commerce Commission. It is contended that the only duty of the Board was to fix wages on a scale that would provide for the lowest paid employe a living wage, from which all other wages should be graded upward, according to the skill and responsibility of other employes.

Correct Principle of "Basic Wage."

The principle contended for by the employes, and violated by the Labor Board, is stated by Justice Higgins of the Australian Court of Conciliation and Arbitration, as follows:

"The basic or living wage, the minimum for the unskilled worker, is the primary factor in the fixing of all wages by award; and the fixing of the proper basic wage is necessarily of an importance that can hardly be exaggerated.

"The Court adheres to its practice of dividing the minimum wage award into two parts:

"The 'basic wage,' the minimum to be awarded to unskilled laborers, or the basis of 'the normal needs of an average employe regarded as a human being living in a civilized community'; and the other, the 'secondary wage,' the extra payment to be made for trained skill, or other exceptional qualities necessary for an employe exercising the functions required."

This is the reason why so much attention has been directed to the "basic wage" recently proposed in the decision of the Labor Board fixing 23 cents per hour as the minimum pay for maintenance-of-way men. Chairman Hooper claims that the "basic wage" is not this minimum, but is the average fixed for all section men, that is, 32.7 cents per hour. An average wage cannot be honestly described as a minimum wage or basic wage. Even if Mr. Hooper's definition is accepted, the Board has fixed its "basic wage" at only $800.00 per year, instead of at $563.00 per year.

Neither of these amounts can be justified as a living wage. It follows that the entire structure of wages reared upon this false foundation is unjust, and that the wages fixed by the Labor Board are not "just and reasonable" wages.

Money Wages and Buying Power.

There is only one method by which a minimum wage can be justified, and that is that it furnishes the money necessary to provide for the support of a worker and his family under prevailing conditions. To test a wage in terms of dollars is almost as useless as to test it in terms of Russian rubles. Money wages must be translated into terms of commodities—into buying power—before they can be intelligently considered. Therefore, cost of living budgets are the most important evidence in a wage hearing. Yet the majority of the Labor Board held:

"This matter of living standards constitutes an interesting study, but much that is said on the subject is highly theoretical and of but little value. . . . One of the principal troubles with the people of this country today is the abandonment of old fashioned ideas of thrift and economy, and the indulgence in wastefulness and extravagance."

How could the employes expect justice from men who thus blandly disregarded employes' budgets showing the actual expenditures of 254 typical families—and budgets prepared by the United States Bureau of Labor Statistics and by various independent organizations, including the National Industrial Conference Board, an employers' association—and then fixed a basic wage of $563.00, or, according to Mr. Hooper's definition, a "basic wage" of $800.00, thus providing over 200,000 men with little more than half the amount necessary to support themselves and families on a minimum level of health and comfort?

"Basic Wage" Fixed Below Subsistence Level.

Evidence was presented to the Board showing that a rate of 50 cents per hour only $467.56 could be allowed for food, out of full time wages. It was shown to be absolutely impossible to provide adequate nourishment for a family of five on that allowance. The meals provided would give a hard working man an average of 2,235 calories per day. Yet 3,600 calories is necessary for a man doing moderate work, and for heavy, muscular work Professor Lusk has fixed a requirement of approximately 5,000 calories.

At 40 cents an hour (which is 7.3 cents over Mr. Hooper's "basic wage"), annual earnings should be apportioned as follows:

$383.20	Food.
180.00	Clothing.
240.00	Rent.
75.00	Heat and Light.
20.00	House Furnishings.
40.00	Cleaning Supplies.
41.00	Miscellaneous.
$979.20	Total.

The food allowances above shown would give the wage earner about 1,550 calories per day. It would allow 10 cents a meal for the wage earner, 9 cents for the mother and 12-year-old boy, 4 cents for a 6-year-old, and 5 cents per day for a 2-year-old. No physician would defend such undernourishment. No household economist can show how a family can be adequately fed, clothed and housed upon such a wage. A thousand dollars may seem like considerable money for persons accustomed to think in terms of dollars, according to their purchasing power of ten or twenty years ago, but in terms of present purchasing power a thousand dollars is an utterly inadequate wage for the head of the family.

The United States Navy Wage Board of Review reported August, 31, 1921, with reference to wages for common labor, that "with less than 41 cents per hour it is practically impossible for him to properly clothe, house, feed and educate his family." But Mr. Hooper's "basic wage" is 8.3 cents less, and the Board's actual "basic wage" is 18 cents less than the Navy "basic wage."

Effect of Low Wages.

It is needless to go into an explanation of the proven effect of low wages. Of course, people can live, under-nourished, inadequately clothed, and wretchedly housed. But the effect upon the next generation, the resultant under-development and susceptibility to disease, as well as the necessary inefficiency of the worker, has been too well demonstrated to make such wages defensible.

The Federal Children's Bureau reported some years ago an infant death rate of 255 per thousand, where the father's income was $521.00 or less, and a death rate of 80 per thousand where the income was over $1,200.00. Revising these figures to meet present cost of living means approximately a death rate of 255 per thousand where the income is under $900.00, compared with 80 per thousand where the income is over $2,000.00.

Frank A. Vanderlip, commenting in his book, "What Happened to Europe," on the operation of "forces tending to keep down wages" in England, prior to the war, has pointed out that—

"The result has been during that period that with a somewhat increasing cost of living the standard of living of the laborer has certainly not much advanced, and I believe on the whole has retrograded. Whatever the statistics of index numbers may show, at least two great broad facts are evident. One of these is the deterioration in physique. . . .

"A visit to the mill towns of the cotton spinning districts, for example, shows almost another race of people compared to the well-fed Englishmen we know in London, a race undersized, underfed, underdeveloped and undereducated. Lloyd George's famous utterance that you could not build an A-1 nation out of a C-3 population has sunk deep into the English mind. The statistics in physique which the military annals produce show that one-third of the male population of fighting age was unfit for military effort. . . .

"In order successfully to compete in neutral markets, British industry has made a red-ink overdraft on the future, an overdraft on the physique of her citizens, an overdraft that has consumed her house facilities; that overdraft must now be made good, at the expense of the nation."

The philosophy of a majority of the Labor Board, underlying the fixing of a "basic wage" below a "living wage," makes that Board, not merely a lawless body violating the act of Congress, which created it, not merely a group of foolish compromisers used as instruments of organized greed, but makes it an enemy of the public welfare and a menace to the present health and the future stability and prosperity of the United States. The organized railway employes who refuse to submit themselves and their families to the degradation of living which they would suffer by accepting and perpetuating such wage standards, are fighting not just a selfish struggle for a decent livelihood, but a battle to preserve the health and energy of the manhood and womanhood of the nation and to perpetuate American institutions.

Dead babies, delinquent children, sluggish labor, diseased and broken men and women are the products of low wages.

Minimum subsistence budgets prepared during the past ten years and listed in dissenting opinions of the Labor Board—

including those prepared by employers' associations—show a requirement of from $1,150.00 per year up to $1,700.00. Investigation of 25,440 actual families by the United States Department of Labor, made twenty years ago and brought down to date according to the increased cost of living, shows a need for $1,400.00 to secure a standard of living obtainable on earnings of $650.00 twenty years ago. The "living wage" fixed by the National Industrial Conference Board, an employers' association, for the year 1920 was $1,832.00. The bare level of subsistence income for a family of five prepared from statistics of the United States Bureau of Labor for July, 1921, was $1,401.17, and $2,303.96 was required for a "minimum comfort" budget. There is not a single wage fixed in the recent decisions of the Labor Board approaching the United States Labor Department budget, and the great mass of workers are placed on a wage earning scale below the average requirements fixed in the minimum budgets of the various organizations compiling such statistics within the last two years.

Official Policy of United States Violated by Labor Board.

The policy of the United States Government, as expressed by the President and his cabinet, is repudiated by the Labor Board. President Harding said May 23, 1921:

> "In our effort at establishing industrial justice we must see that the wage earner is placed in an economically sound position. His lowest wage must be enough for comfort, enough to make his house a home, enough to insure that the struggle for existence shall not crowd out the things truly worth living for. There must be provision for education, for recreation, and a margin for saving. There must be such freedom of action as will insure full play to the individual's abilities."

The Secretary of Labor has recently written:

> "We still hear much about it with a good deal of confusion as to what is meant by a living wage. The trend of events since the war has put the employer in the position of clinging to the original meaning of the term, as a wage adjusted to the actual cost of living.
>
> "But to the wage earner himself the living wage has come to mean something more definite. If it means any-

thing to him the living wage means a wage on which he can really live, that is, a pay envelope that will permit him to do a little more than merely meet the day-to-day cost of his necessities and enjoy something of life in addition." . . .

The Second Industrial Conference reported:

"Considered from the standpoint of public interest, it is fundamental that the basic wage of all employes should be adequate to maintain the employe and his family in reasonable comfort, and with adequate opportunity for the education of his children. When the wages of any group fall below this standard for any length of time the situation becomes dangerous to the well-being of the State."

These words of national leaders are mere lip service, indeed become plain hypocrisy, if a governmental Board is to be permitted to establish a basic wage in the transportation industry which will not provide the worker with the minimum necessities of food and clothing and shelter for himself and family. No one can successfully contend that $800.00 per year, the Labor Board's "basic wage," makes such a provision. The only excuse of a railroad for offering such a wage to its employes is that it does not earn the money to pay what the worker's service is worth.

Half-Way Socialism.

If the Government is to sanction a refusal to pay a fair price for labor upon this basis, then does it not become necessary for the Government to sanction this same refusal of the worker to pay a fair price for the things that he must buy? If the Labor Board is to say to the railway employe:

"You must accept less than a fair price for your labor, because the railroads cannot pay any more"—

then let the Labor Board say also to the landlord, to the dry goods merchant, to the butcher, to the furniture dealer, to the public utilities—

"You must accept from railway employes less than the prices you have established as fair prices for what you furnish him. We will require him to accept less wages

than will buy for him the things you have to sell, and which he must have. Therefore, you must sell to him for less than the prices which he cannot pay."

It will be immediately objected that the Government cannot fix prices, that it is Socialism for the Government to interfere in the control of private business. But the Government is interfering and is attempting to coerce some of the men engaged in private business—the employes of the railroads. The inevitable effect of Government wage fixing should now be apparent. It is intolerably unjust to fix wages as a matter of law unless prices for commodities are fixed as a matter of law at the same time. It is intolerably unjust for any Government agency to attempt to regulate how many dollars a man shall be paid without any attempt being made to regulate at the same time how much food and clothing and shelter those dollars will buy.

The "basic wage" fixed by the Labor Board will furnish the wage earner with a breakfast consisting of a dish of oatmeal with milk and two spoons of sugar, a slice of bread without butter and two cups of coffee. For lunch, one cheese sandwich, an apple and a cookie; for dinner, two thin slices of pot roast, three small potatoes, two slices of bread and butter and a cup of coffee, making a total of 1,456 calories a day for a man requiring a minimum of 3,600 calories. It will furnish him with three suits of summer underwear to last about three years. His business suit must wear eight years, and his winter overcoat last approximately ten years. He will have $41.00 a year for doctor's bills, insurance, carfare, amusement and education! If the Labor Board had attempted to order men to live under such conditions, public sentiment would have justified a demand for its immediate abolishment. Yet under pressure of a nation-wide drive against labor, this Board has attempted to fix a "basic wage" of $800.00 a year that will not support even this subnormal standard of living, and then to mobilize public sentiment against the workers who refuse to accept and to attempt to work and live under such intolerable conditions.

Conclusion.

The mistake of the Labor Board is that it has been persuaded to reduce labor costs, on a theory that the cost of living

would then fall to the new wage level; instead of performing its duty to help maintain wages on the level of the actual cost of living. The Board has been made the instrument of organized money power, represented by the twenty-five inter-locking bank and railroad directors—the general staff of the American Junkers—who have been campaigning ever since the World War to "put labor in its place," or, in still plainer language, to establish a system of industrial feudalism which was developing rapidly in the United States before the World War.

Only a tiny group of less than fifty thousand, out of one hundred million people, will profit by the deflation of wages and the reduction of labor's purchasing power. The wholesale and retail merchant, the small manufacturer and business man in every line, and, most of all, the farmer, will suffer in a time of cheap labor and limited purchasing power. Only the tiny group of large investors will profit. And, for their profit, millions of wage earners and their families will be denied that health and comfort which the great natural resources and opportunities of America should insure to them.

If the transportation workers can be beaten down and required to accept insufficient wages, what workers will be able to resist the same tyranny? The strike of the shop crafts marks a crisis in the struggle between money power and man power, between organized greed and organized labor. The general staff of the American Junkers knows that it must win to hold its power. The shop men know that they must win, not only for themselves and their families, but for the benefit of all those who live by labor, whether on the railroads, in the factories or on the farms.

Section 2: Rules and Contracting Out Work.

The second section of this statement concerns the controversy between the railroads and their employes over rules and the contracting out of work and shops.

During the war period National Boards of Adjustment had played a useful part in maintaining satisfactory relations between the railroads and their employes. As a result the Transportation Act provided a machinery for negotiation and ready adjustment of disputes regarding grievances, rules and working conditions as follows:

> "Section 302. Railroad Boards of Labor Adjustment may be established by agreement between any carrier, group of carriers, or the carriers as a whole, and any employes or subordinate officials of carriers or organizations or group of organizations thereof."

On March 10, 1920, ten days after the Transportation Act went into effect, the sixteen standard railroad labor organizations requested the railroad managements to continue the operation of National Boards of Adjustment, but after considerable correspondence this request was refused.

On March 24, and April 5, 1920, the Chairman of the Railway Employes' Conference Committee addressed letters respectively to the Chairman of the Railway Managements Conference Committee and to the Chairman of the Association of Railway Executives, requesting the continuation of National Adjustment Boards which had successfully functioned previously and were provided for in the Transportation Act. They replied that the Association was opposed to the continuation of National Boards.

On July 29, 1920, the Chairman of the Railroad Labor Board wrote a letter to the interested parties, directing attention to the above-quoted section, which he stated contemplated "as an essential part of the machinery to decide disputes between the carriers and their employes the creation of Railroad Labor Boards of Adjustment."

Following this, the carriers refused to submit the question of continuing National Boards of Adjustment to the United States Railroad Labor Board, and after submission of the

question by the Railroad Labor Organizations, the Labor Board decided on December 7, 1920, that it had no power to "exercise jurisdiction over the question of creation of Adjustment Boards." Thus, in the beginning of operation under the Transportation Act, the carriers refused to establish what the Labor Board had described as "an essential part of machinery to decide disputes between carriers and their employes."

Organized Money Again Attacks Organized Labor.

The refusal of the railroads to organize Adjustment Boards came, not from antagonism of active practical railroad managers, but as a result of the banking power domination over the railroad executives. The organization of the banking combination and its method of exercising control over railway executives has been described in Section 1 of this statement. This financial dictation is clearly evidenced in the drive against agreements upon rules with the National organization of employes, and the policy of contracting out work. With National Boards of Adjustment agreements must necessarily have been worked out with the employes' organizations. Therefore, the banking combination, being opposed to organized labor, opposed National Boards of Adjustment. This is frankly stated in the Atterbury report of June 30, 1920.

The record of hearings before the United States Railroad Labor Board on March 18-19, 1921, shows the following significant facts:

1. Early in 1920 the majority of the Labor Committee of the Association of Railway Executives favored establishing National Boards of Adjustment, as provided for in the Transportation Act.

2. Vice-President Atterbury of the Pennsylvania alone on the Labor Committee opposed that policy, which was stated in the majority report signed by President Gray of the Union Pacific.

3. The Atterbury minority report embodied the policy which he stated to the Association of Railway Executives on September 3, 1920, in the following language: "Make no contracts whatever with the labor organizations."

4. The Gray report, embodying the best thought of a representative committee of experienced railroad executives, was rejected by the Association by vote of 60 to 41.

5. The Pennsylvania Railroad controlled directly six votes and the New York Central ten.

6. T. De Witt Cuyler, Chairman of the Executives' Association, admitted on the witness stand that if the New York Central alone had voted for the Gray majority report it would have carried. If the New York Central and Pennsylvania had voted for the Gray report it would have carried easily. It is peculiarly significant that Mr. Cuyler, Pennsylvania Railroad director, director of Bankers Trust Company, Guaranty Trust Company, Equitable Trust Company, United States Mortgage and Trust Company, Metropolitan Trust Company, Commercial Trust Company and Girard Trust Company, was and is chairman of the Association of Railway Executives. He has admitted in the record before the Labor Board that he is primarily a banker and lawyer, that he never had any railroad experience and that he has too much authority.

7. It is significant that Mr. Cuyler, swinging the Pennsylvania vote, with the New York Central vote, turned down the Gray report, representing a true management policy, because the financial interests he represented were opposed to national collective bargaining.

8. It is significant that Mr. Cuyler then appointed Mr. Atterbury, the notorious labor smasher of the Pennsylvania Railroad, to succeed Mr. Gray as Chairman of the Labor Committee.

The vote against National Adjustment Boards was a declaration of war on the railway employes' organizations.

The refusal of the railroads to form Adjustment Boards was also the start of a series of attacks against the Railroad Labor Board. It was the inevitable result of this refusal that the Labor Board would be over-burdened with a mass of disputes and unable adequately to perform its functions, which should include only determining major problems. The Gray report prophesied this result in these words:

> "If no intermediate Boards are provided for by mutual consent, as clearly anticipated in the law, then every dis-

agreement arising upon an individual railroad on which the management and employes' representatives have not been able to reach an agreement, must, of necessity, go directly to the Labor Board; and that Board, not yet appointed, will have before it and demanding immediate consideration the whole subject of wages and working conditions, and covering practically every railroad employe; a herculean task when it is remembered that the three public representatives, who hold the balance of power, will come to their task in all probability without practical experience in railroad wage matters."

The record of the Labor Board's hearings on January 31, 1921, reveals a statement by Mr. Atterbury that the railroads would flood the Board with cases. And they did so.

The result of the anti-labor organization policy (and it might be called an anti-Railroad Labor Board policy) of the railway executives was that in the first two years of its existence the Labor Board was required to render decisions and interpretations in nearly 1,200 cases. This number excludes all cases closed by letter. And during this period the Board accumulated nearly 1,500 cases undisposed of. On account of the lack of Adjustment Boards matters of little importance, involving trivial issues, were forced upon the Board, such as one controversy involving the question of only two hours' pay for a single employe.

The railway executives, by refusing to adopt the measures provided in the Transportation Act that would have disposed of most of the disputes, and by flooding the Board with cases of all kinds, not merely crippled the Board and impaired the operation of the law, but deprived the Board of time to make independent studies of railroad problems, to consider evidence on important issues with necessary care and to make carefully worked out decisions.

The chief injustice resulting from this railroad policy has fallen on the employes and on the traveling and shipping public. Dissatisfied employes, denied opportunities provided by law for adjustment of grievances, and forced to take cases to an over-burdened Board, do not provide the best basis for efficient transportation service.

The Attack Upon the Rules.

The attack of the Railway Executives' Association upon the rules and working conditions came to a head violently with the peremptory demand by Mr. Atterbury January 31, 1921, for the immediate abrogation of the National Agreements. Previously a propaganda campaign had been vigorously carried on for several months to spread the belief that the National Agreements were favorable contracts obtained by the employes during government operation of the railroads.

What Are the National Agreements?

As a matter of fact, the National Agreements, comprising the rules and determining the working conditions in railroad shops, are a growth of over thirty years. Under stress and strain of actual operations and through the aid of intermittent negotiations, agreements have been worked out for the rules and working conditions contributing jointly to the efficiency of railroad shop operations, and to the providing of satisfactory conditions for the employes. The campaign against these rules was conceived and carried out in the same intolerant spirit that refused to permit organization of Boards of Adjustment.

The record of the hearings before the Labor Board shows that, whereas the railway executives demanded the termination of the National Agreements, nevertheless the rules and working conditions finally accepted by all parties embodied practically without change the much condemned National Agreements except as to seven rules wherein amendments were proposed by the Labor Board which were not acceptable to the employes. This proved conclusively that the major part of the National Agreements provided for working conditions satisfactory alike to carriers and employes and beneficial to the transportation service. Yet Mr. Atterbury, on January 31, 1921, stated that the whole situation would "drift into chaos and orderly procedure become impossible, except at the price of railroad bankruptcy, financial shock and still wider unemployment," unless "the Labor Board can prevent this catastrophe by declaring that the National Agreements, rules and working conditions coming over from the war period are terminated at once, that the question of reasonable and economical rules and working conditions shall be remanded to negotiation between each carrier and its own employes." . . .

It will be seen that the sole purpose of this demand was to destroy the effectiveness of the representation of railway employes through their national organizations, and to permit the carriers, whose managements were organized for national action in support of uniform policies: First, to avoid negotiations with the employes organized likewise for national action; second, to attempt to impose the national policies of management upon local organizations of employes; and, third, upon the inevitable failure of such unfair methods of negotiation, to throw upon the Railroad Labor Board an unintended and impossible burden of arbitration.

On April 14, 1921, after a complete hearing before the Labor Board of the management's case and only an opening of the case for the employes, the Board suddenly and most unfairly entered an order abrogating the National Agreements as of July 1, 1921, and referring the negotiations of agreements relating to rules and working conditions to the carriers and their employes, in accordance with sixteen basic principles laid down by the Labor Board.

In these negotiations on each railroad the Railway Executives presented a nationally agreed upon program for the modification of some of the most important rules, upon which agreement with the employes was thus made impossible. The matter was then submitted to the Labor Board, which later issued Decision 222, proposing amendments of Rules 6, 10, 12, 14, 15, 46 and 177, which were not acceptable to the employes. Yet the employes continued to render service under protest but in accordance with the amended rules until they decided in an orderly manner to suspend work on July 1, 1922, rather than to submit to increasing injustices.

It will be noted that these proposals of the Labor Board affecting the rules above mentioned were in line with the nationally agreed upon program of the Railway Executives.

Following the promulgation of rules by the Labor Board in Decision No. 222, many questions of interpretation arose. The majority of these could have been readily adjusted by Boards of Adjustment, instead of which the Labor Board was flooded with a mass of cases requiring interpretations. And, although the employes continued to work, even though under protest as to the non-acceptable rules, and also followed the

Board's interpretations of the rules, various carriers took it upon themselves to violate these rules. These railroads now join hypocritically in the cry that the employes, in refusing to continue to work under non-acceptable conditions, are refusing "patriotic and loyal obedience to Government authority," although that is precisely what the entire Association of Railway Executives did, when it refused to establish what the Transportation Act had provided as "an essential part of the machinery to decide disputes between carriers and their employes," and what 92 railroads did in 104 cases, wherein they refused obedience to orders of the Board involving wage decisions, interpretations of rules, rights of employes to select their own representatives and the contracting out of work and shops.

The two latter questions will now be considered.

Pennsylvania Railroad Violates Decisions No. 119 and No. 218.

Difficulties arose in connection with the Pennsylvania Railroad over the effort of the railroad to dictate the manner in which its employes should select their representatives. It being a necessity for the efficient operation of the Transportation Act that there should be properly accredited representatives of the employes, the Labor Board sought to promulgate certain rules to insure that the employes should have a free opportunity to select their own representatives and that the railroad company should not control the selection of representatives of employes through organization and recognition of "company unions."

The Pennsylvania Railroad refused to obey the decisions of the Board and brought a bill for an injunction in the Federal Court. In this case Judge Page ruled that the Board did not have the right to control the method of selecting the representatives of the employes, and held, still more broadly, that all the decisions of the Labor Board, with regard to wages or rules, were "only advisory." Thereby the Pennsylvania Railroad successfully and seriously further weakened the previously diminished power of the Labor Board to insure fair negotiations between the railroads and their employes and fair representation of the employes in such negotiations before the Board. It will be seen that this policy of the Pennsylvania Railroad,

of which Mr. Cuyler and Mr. Atterbury are two directors and dominate its labor committee, carried out completely the general anti-labor policy which had been imposed by the banking combination upon the Association of Railway Executives.

Contracting Out Work and Shops.

A convincing demonstration of anti-labor policies of the Association of Railway Executives is given in the matter of contracting out work. The inevitable effect, and the intended effect of such contracts, was to permit those controlling this work to refuse to recognize the national organization of Railway Employes and to refuse to put into effect in such work the wages and the rules determined to govern railway employes.

An exceptionally frank statement of this purpose of the railroads was made to the Labor Board by the Buffalo & Susquehanna Railroad in demanding that wage reductions be put into effect. The representatives of this railroad said:

> "The Buffalo & Susquehanna Railroad really expects your board to put into effect the rates proposed by it and your failure to do so can have only one of two results, the sending away of the work to other shops where cheaper labor is employed, or in leasing the shops to outside parties with the requirement that the total cost, including overhead, will not be more than the wages as proposed by the railroad. Therefore, an adverse decision of the United States Railroad Labor Board can have one or two effects; that of either throwing these employes totally out of work, or reducing their wages from 10 per cent to 30 per cent more than is proposed by the railroad in order to absorb the overhead."

This policy was adopted by an increasing number of railways, including some of the most important systems, and bid fair to spread throughout the entire transportation industry, until a vigorous protest by the employes to the Labor Board resulted after fifteen months delay in decision No. 982. This case involved the Indiana Harbor Belt Railroad Company, a subsidiary of the New York Central. The importance of the question is well presented in the following quotation from the decision of the board:

> "No more important dispute has ever come before the Labor Board for adjudication. It goes to the vitals of the Transportation Act. If the carrier can legally do the thing which

has been done under these contracts, then the entire Transportation Act can be nullified and the will of the Congress of the United States set at naught. If one class of employes can thus be taken from under the application of the Act, there is no sound reason why each and every railroad employe in the United States cannot be given like treatment. One class of employment lends itself as readily to this method as another. Contracts have been recently entered into by various carriers, purporting to turn over to so-called independent contractors the work of the following classes of employes.

"(1) The six shop crafts, (2) the maintenance of way employes, (3) certain employes embraced in the clerks' organization, (4) the firemen and oilers, (5) the hostlers, embraced in the engine service, and (6) signal department employes.

"When Congress in this Act speaks of railroad employes, it undoubtedly contemplates those engaged in the customary work directly contributory to the operation of the railroads. It is absurd to say that carriers and their employes would not be permitted to interrupt commerce by labor controversies unless the operation of the roads was turned over to contractors, in which event the so-called contractors and the railway workers might engage in industrial warfare ad libitum.

"In other words, Congress did not say to the carriers, 'you must not precipitate trouble by the adoption of arbitrary measures with your employes, but you may delegate to a contractor the power to violate and annul all your agreements, and if it happens to result in an interruption to traffic, the public will be deprived of such protection as the Transportation Act would give.' As a matter of fact, that is practically the sole effect of the contracts involved, in this case.

"A strike by the employes of a contractor or contractor agent of a carrier would as effectually result in an interruption to traffic as if the men were the direct employes of the carrier.

"To the outside observer, and so far as the public is concerned, the car repair department of this carrier has undergone no real change. The carrier's own shops along its own lines are maintaining the carrier's car equipment exactly as they did before these contracts were made. Very largely,

the carrier's same foremen and inspectors are in charge and its same careful supervision is being exercised. The carrier is furnishing all the necessary material from its own stores and supply houses as it did before. The employes of the contractor are riding the carrier's shop train gratis from their homes to their work just as they did before, except that no passes are issued to them for fear of violating the law. When a wreck occurs anywhere on the carrier's property, the employes of the contractor go out and look after it. The employes of the contractor are required to familiarize themselves with the operating rules of the railroad pertaining to safety. The carrier is carrying accident insurance on the contracting employes. The carrier's tools, machinery, and equipment are all being used in the operation, and the contractor had none of his own. The contractor has no leasehold on the plant or shops of the carrier. The carrier says it is free to do any of its work anywhere else, as it sees fit. On 60 days' notice, either party can terminate the contract. The contractor does not even have any control over the wages paid the employes. The contract contains the carrier's ready-made schedule, which the contractor must use.

"There need be no misunderstanding of this situation. The Contractor performs only one useful function in this operation —he is the medium or channel through which the piece-work system was substituted for the lawfully established wage scale. The contractor's compensation for this is 5 per cent of the amount of the pay roll, and the rate of pay is carefully limited by the piece-work provisions in the contract. *The contractor takes absolutely no risk."* (Italics ours.)

The Board ruled that the contracts considered were "in violation of the Transportation Act," insofar as they purported or were construed to remove the employes from the application of the Act, and held that the shop employes were still under jurisdiction of the Board and subject to its decisions as to wages and rules.

This decision of the Labor Board may have had the effect of checking to some extent the further extension of this practice of contracting out work in shops, but the railroads concerned, in many important instances, refused to obey the ruling of the Board and their position was stated by the Association of Railway Executives June 29, 1922, as follows:

"They have been advised by their Council, as we are informed, that in letting such contracts, they are strictly within legal rights; that the Labor Board has no jurisdiction to determine otherwise; and that they are ready to submit this question of bona fide difference to the properly constituted legal tribunals, and will loyally abide by the result."

The suggestion of submitting this question to the Courts is mere lip service, because it is clear that, in the first place, the carriers expect the Courts to hold, as Judge Page did, that the decisions of the Board are "only advisory" and hence that they are within their legal rights in violating them; and in the second place, the determination of this question in the Courts would mean a long litigation, during the progress of which the roads would continue their efforts to undermine the ability of the national organizations to protect the Railway Employes and would put into effect for a long period reduced wages and changed working conditions, causing irreparable loss to great numbers of employes.

There has been so much effort to minimize the importance of this contracting out work, and to make it appear a sporadic practice, not indulged in by influential roads, that a summary of cases may be advisable to show how deep a grievance exists.

Erie Railroad, in March, 1920, leased its large repair shops at Hornell, N. Y., to Hornell Repair and Construction Co.

Erie Railroad, in August, 1921, contracted out its shops at Marion, Ohio, to a dummy corporation called the Railway Service Co.

Erie case brought to attention of Labor Board in January, 1921, and heard as to Hornell and Marion, December, 1921. No decision has yet been rendered and the Erie has contracted out everyone of its car and locomotive shops and the larger roundhouses, also all track employes on the entire Erie System.

New York Central Railroad turned over work of 400 electrical workers to Western Union Telegraph Co. on a contract, April, 1921, changing working conditions and cutting wages $50 per month for every man. Case filed with Labor Board May, 1921, heard September, 1921, and not yet decided.

New York Central has contracted out its East Buffalo car shops to "Fingy" Connors of Buffalo, and its Toledo shops to another contractor.

New York Central subsidiary, the Indiana Harbor Belt Railroad, started its contracting out in January, 1921, extending the practice until all employes in car and locomotive repair shops were under alleged contractors. Case presented to Labor Board June, 1921; heard December, 1921; decided May, 1922, and decision not obeyed by the railroad, but about 15 employes who attempted to have it applied have been discharged.

New York Central subsidiaries, the Michigan Central and the Big Four, also have contracted out important shops, decreased wage rates and degraded working conditions.

The Southern Pacific contracted out repair tracks at Houston, Texas, and at Algiers, just outside New Orleans.

The Gulf Coast Lines used this practice at one point as a means of reducing wages of car cleaners.

The Western Maryland began to contract out its shops to former supervisors May, 1921, and on March 16, 1922, all of its repair shops and yards went under contract to four separate parties. The contractors reduced wages, abolished conditions established by the Labor Board decisions and refused to deal with representatives of the railway employes. March 25, 1922, the shopmen, maintenance-of-way employes, signalmen, stationary firemen and oilers, suspended work and have not returned to work since that time.

Other railroads utilizing the contracting out practice include the M. K. & T., Wheeling & Lake Erie, Pere Marquette, Boston & Albany and Bangor & Aroostock.

The railroads which have carried on this practice operate more than one-quarter of the total mileage of Class I railroads. This indicates the extent of the wrongdoing more effectively than any statement of names or numbers of the roads.

Miscellaneous Violations of Transportation Act.

In addition to the violations of the Transportation Act by railroads heretofore set forth there have been a large number of other violations, which it would take too much space to detail, by railroads which include the Lackawanna; Alabama, Tennessee & Northern; Arizona Eastern; Buffalo & Susquehanna; Copper Range; Atlanta, Birmingham & Atlantic; Missouri & North Arkansas; Denver & Salt Lake; Duluth Missabe & Northern; Gulf Coast Lines; Texas & Western; Nevada Northern and Toledo, St. Louis & Western. There is a total of 104 violations

by 92 railroads and it is not surprising in view of this record that the employes, who have never violated the Act, but merely exercised their admitted right to suspend work under non-acceptable terms, have been outraged at the complacent insincerity with which law-breaking railroads have attempted to brand their law-abiding employes as opponents of governmental authority.

However, it is quite common for the Railway Executives to ignore facts and to make public statements which are proven to be false by their own records.

Unified Action of Carriers

A very good example of this blatant hypocrisy of the power behind the throne in the railroads is shown in the statement of the Railway Executives of June 29th, above quoted. Mr. Cuyler had the audacity to write over his signature as follows:

> "While the Association of Railway Executives does not undertake to deal with labor policies, such matters being left to the regions and to the individual roads, your telegrams, because of the shortness of time available, was considered by those present at the meeting today, and by unanimous vote I was instructed to make you the following reply."

Yet this organization of Railway Executives was the body which, September 6, 1920, refused to continue National Boards of Adjustment, was the body which, January 31st, 1921, made a demand through Mr. Atterbury, Chairman of its Labor Committee, for the abrogation of the National Agreements, and was the body which subsequently inaugurated a uniform program for the revision of rules and in a meeting at the Blackstone Hotel, October 14th, 1921, directed its members,—201 Class I Railroads, —to begin a campaign for a further reduction of wages, which program was presented to the employes in merely formal negotiations, and upon rejection immediately brought before the Labor Board. In Mr. Cuyler's letter he states:

> "That the carriers made all of the efforts required by the law to settle with their employes by negotiation, before appealing to the Labor Board."

But in the hearings before the Labor Board in the spring of 1922, the employes demonstrated by transcripts of the so-called "negotiations" carried on by the railroads that they amounted to nothing more than the presentation of uniform demands to the employes

of the separate railroads systems. There was no attempt made to compromise these demands, but as soon as a definite refusal to accept them as a whole was obtained from the representatives of the employes, the so-called "negotiations" were ended, and the matter was brought before the Labor Board.

With such an abundance of proof of the unified action of the carriers through the Association of Railway Executives it is reasonable to believe that the contracting out practice was inaugurated as a part of the general anti-labor program.

Reply to Claim That Contracting Out Aimed at Economy

It has been claimed in behalf of the railroads that the purpose of contracting out work and shops is to promote efficiency and economy. The reply of the employes may be summarized under four headings.

First, the "efficiency," intended through contracting out of work is that sort of efficiency whereby, through disintegrating the protective organizations of employes, the employes will be unable to prevent the imposition of indefensible working conditions and forced to submit to a speeding-up process, which long experience has shown, promotes volume of work temporarily only, and at the expense of quality, also at the expense of the health of the employes.

Second, the "economy" is that sort of economy which is found in forcing men, deprived of any real power of collective bargaining, to work for wages insufficient to maintain themselves and their families in a condition of health and comfort.

Third, as the Labor Board held: "The contractor performs only one useful function in this operation—he is the medium or channel through which the piece work system was substituted for the lawfully established wage scale. . . . The contractor takes absolutely no risk."

Fourth, The contracting out of work, as has been proved in the following cases of two of the leading railroad systems, has been the means of wasting the funds of the railroads and of benefiting private equipment concerns:

On March 7, 1922, the Interstate Commerce Commission decided that the Pennsylvania Railroad could have made in its own shops, at a saving of $3,000,000.00, the repairs on all the 200 locomotives which it sent to the Baldwin Locomotive Works in 1920. On the

same day the Commission decided that the New York Central had wasted over $3,000,000.00 in its contracts of 1920 in locomotive repairs by the American Locomotive Company, Rome Manufacturing Company and Baldwin Locomotive Works, and that the work could have been done in the railroads own shops. This decision also points out that the railroad laid off shop employes during the same months it was sending 23 locomotives to these outside repair plants. This decision sheds a sinister light upon the purposes of the railroads in insisting upon carrying out the practice of contracting out work and shops. Such contracts serve in every way the purpose of the banking combination which dominates the Association of Railway Executives. They serve for disciplining labor decreasing wages, and disintegrating labor organizations; they serve also for the profit of those equipment companies in which the banking combination, dominating the railroads, has a large financial interest.

Railroads Not Penalized for Violations.

It is quite humorous after considering the numerous and persistent violations of law by the railroads to read Order No. 1 of the Labor Board issued in April, 1920, which provides:

> "This Board will not receive, entertain or consider any application or complaint from or by any party or parties, or their representatives who have not complied with or are not complying with the provisions of the law."

If this order had been enforced against the railroads the reductions in wages and changes in rules offensive to the employes would not have been promulgated by the Board, because the Board would have refused to entertain applications from those important railroads which have been most active in seeking wage decreases and rule amendments. Such railroads as the New York Central, the Erie and the Pennsylvania would have been informed that as law violators they were not entitled to a hearing before the Board.

Yet when the employes exercised their lawful right to suspend work, which suspension was not a violation of the Transportation Act, but the lawful course open to the employes to avoid submitting to injustice, then the Labor Board passed a resolution denying these employes the right to any further hearings by the Board. Thus it appears that the Board applies the same law in one manner to the employes and in another manner to their employers.

Financial Improvement of Railroads.

Although as pointed out in Chapter 1, of this statement, the financial condition of the railroads is not a proper factor for consideration in fixing wages of employes, it may be well before concluding the statement to demonstrate the great improvement of railroad finances which has been studiously concealed from the public, in order to gain popular support for the unjust attacks against the interests of the workers.

In 1920 the Interstate Commerce Commission increased rates $1,600,000,000.

This provided $1,000,000,000 more than the $600,000,000 expense of the wage increase of 1920.

Subsequent rate reductions did not decrease revenues more than $450,000,000.

This decrease was entirely covered by decreased cost of supplies.

Therefore the $1,000,000,000 which has been taken from the employes in wage reductions and rule amendments represents clear gain to the roads.

An article by Frederick Hanssen in the Financial World, July 1, 1922, exhibits the following significant facts of the improved financial condition of the railroads:

> "Recent earning reports of the railroads indicate that the roads, as a whole are getting close to the 5.75% return on property valuation. . . . A 5.75% return would mean earnings for the roads at the rate of $1,052,250,000 yearly on the $18,300,000,000 valuation tentatively allowed by the Commission."

The author points out that the earnings of 1915, 1916 and 1917 showed "the most prosperous three year period in the history of American railroading," and that for the next 32 months (under government guarantee) this record-breaking return was continued.

> "Then 16 months ensued which were really lean for the railroads (although industrial companies as a whole fared worse) and but 3.25% was earned on the valuation. . . . The average return therefore for seven years, 1915 to 1921 inclusive, was 5.27% and is now in the middle of 1922 again approaching the 5.75% mark."

The author then shows that declining freight rates and increasing wages increased the railroad net returns so that "in 1916 with the lowest freight rate and the highest wage rate up to that time, the railroad net income broke all records—this is due to the fact that the railroads to a greater extent than any other important industry are benefited by the law of increasing returns."

The Interstate Commerce Commission reported in 1922:

> "It appears that under present rates with an increase of 10% or more in traffic over 1921 not only would the net railway operating income of the carriers as a whole for the next twelve months be substantially in excess of the fair return herein determined, but it would greatly exceed the corresponding figure for any year in the history of railroad operation."

Thus it appears clear that a reduction of wages, ordered for July 1, 1922, was not necessary to furnish the railroads with the maximum return they are permitted to earn under the law, because every industrial indication points to an increase of at least 10% in traffic.

One final point may be made for the benefit of those who think that 5.75% is not a large return for the roads.

Mr. Hanssen in the article quoted shows that $10,200,000,000 of the railway securities represents net funded debt carrying an average interest of about 4.5%; so that 5.75% on the entire "valuation" allows about 7.5% on stock, of which "the rate on most preferred stocks is less than 5%, which makes just that much more accrue to the common."

A table showing what a 6% return on "valuation" means to common stockholders exhibits the following earnings per share of common stock on some of the principal roads:

Santa Fe	$17.01
Atlantic Coast Line	13.40
B. & O.	11.02
Illinois Central	19.10
N. Y. C.	14.12

When the common stockholders of the principal railway systems are allowed and able to earn such an income does it not seem unjust and unreasonable that employes of these roads should not be allowed a decent livelihood under fair working conditions for doing the labor necessary to produce these generous earnings?

President A. H. Smith of the New York Central stated before the Senate Interstate Commerce Committee, May 20, 1921, that—

> "Ninety-five per cent of this railroading is human. The other five per cent is merely coal and steel and it is not worth anything if you do not get good men with it."

The railway employes are insisting that the ninety-five per cent human element of the transportation industry shall be made up of properly nourished, competent, energetic workers. Such workers can only be obtained through adequate wages and reasonable working conditions. Such workers are necessary for efficient transportation service, which is essential to the general welfare and to national prosperity. Such workers are to be found only in the organized employes, who are ready and willing to render service under just and reasonable conditions and wages. It is to the interest of the American people to demand that the railway executives engage their services upon these conditions.

Railroad Hypocrisy as to "Public Service."

It is clearly shown on investigating the financial operations of the railroads how false has been their claim that the public would receive the benefit of wage reductions. Every dollar which the roads have lost by reduced freight rates has been replaced through savings in operating costs not resulting from wage reductions. The money saved to the roads by wage reductions has been retained by the railroads and added to their previous profits upon operations. The public has received no benefit from the employes losses but the millions taken from underpaid workers have been placed to the credit of railway security holders, while the publicity promoters of the railroads have wailed about their poverty and proclaimed their desire to reduce operating costs for the benefit of the travelers and shippers.

Seniority Rights of Employes.

Since the suspension of work by the shopmen the railway executives, particularly subject to financial dictation, have given another strong example of the hypocrisy of their pretensions concerning public service. They have raised a barrier against speedy and just settlement of the controversy by announcing a refusal to continue the seniority rights of employes returning to work after a settlement.

They seek to make it appear that these seniority rights are favors which the men should forfeit as a penalty for exercising their admitted right to refuse to work under non-acceptable conditions. Of course if men are to be penalized for striking then it is hypocrisy to assert that their right to cease working is a recognized and a valuable method of protecting themselves from conditions of involuntary servitude. To punish a man for exercising an accepted right is rather inconsistent; and to hold forth a penalty for standing up for one's rights as a condition of adjusting a grievance, is simply to exhibit a purpose to refuse to do justice.

But, the insincerity of the railroad position is still more evident when it is shown that seniority rights are not a favor to the employes but a practice which is an essential part of efficient operation of transportation service. Seniority rights involved principally, first, the right of the senior employe to be the last laid off in a reduction of forces; second, the right of the senior employe to have first preference in selection for vacancies in preferable jobs.

The first right is of great importance and has a large community value. It results in encouraging permanent employment, the building of homes and making of useful citizens. The railway employes, as a group, are steady workers. They will average between 10 and 25 years, in continuous service. Having increasing certainty of permanent employment the longer they remain in service, they are encouraged to buy homes and to establish themselves in community activities with assurance of continuous livelihood. To deprive hundreds of thousands of men of these rights and of their assured positions would be a sweeping injustice, unparalled in modern industrial history. It would operate so that in the event of reducing forces the railroads would be permitted to discharge the senior and most competent employes and to retain men engaged for only a short time in transportation service, for the most part a floating, nondescript collection of unreliable workers.

Of course, in fact the railroads would for their own good retain the senior, more efficient employes, except that with seniority rights destroyed, their positions would be insecure and the roads would be able to weed out those workers most active in protection of rights of their fellow employes. That is the sole purpose

of the railroad insistence on the destruction of seniority rights. They would be able in this way to punish the more independent, forceful workers and to intimidate their fellow workers, breaking down the spirit of free labor, one of the most valuable qualities of Americanism.

Knowing that the railway employes will not consent to a return to work with a forfeiture of their seniority rights, the insistence upon this policy means simply that the roads adopting it are attempting to destroy the labor organizations and to build up over a long and costly period of disorganized service new bodies of employes. What such a policy will cost the public and the railroads themselves can be briefly outlined.

The railroads are now paying as high as $25.00 per day, plus board and lodging, for armed guards. They are openly advertising pay of $8.00 per day, plus board and lodging, for mechanics. The tax payers of cities, counties, states and the nation are being charged hundreds of thousands of dollars to maintain police, militia, constabulary, federal deputies and soldiers, called for by the railroads to support their hostilities against the organized employes.

Yet even this enormous expense is small compared with the total loss inevitably to be suffered by the railroads in attempting to reorganize their working forces. A well known railroad operator recently called attention to the disastrous experience of the railroads involved in the five-year Harriman strike. Thirty thousand shopmen were involved and this operator pointed out that:

> "It cost those roads over $50,000,000 to install and train new shop men. Many more millions were lost in transportation and the decline in values in stocks and bonds. Some of the lines never fully recovered from that strike. And when the men became proficient in their work they joined the union and today they are out on strike with the shop crafts."

Competent authorities writing in the Railway Review, March 5, 1921, and in the Railway Age, February 25, 1921, have shown that the breaking in of inexperienced help to do the work of the shop men costs from $200.00 to $300.00 each.

Statistics from various industries also show that the percent-

age of separations from employment during the first year of work runs over 80 per cent of total separations. The longer a man works the more valuable he is and the more likely he is to remain at work.

It can be readily estimated that it will cost the railways directly at least $100,000,000.00 per year over a period of many years to attempt to replace the organized shop men. Their indirect losses and those of the public are impossible of estimate, but staggering to contemplate.

What is the purpose of this "rule or ruin" policy of the railways? It can only be ascribed to a blind determination to disintegrate the national labor organizations at no matter what cost to the railroads themselves or to the public.

Let it be noted again that it is only the small dominant anti-labor group of executives who support this policy. Only two of the western roads have come out in opposition to restoration of seniority rights. Apparently none of the southeastern roads maintain this stand, as evidenced particularly by the attitude publicly taken by the Baltimore & Ohio that the question of seniority rights will not prevent a settlement. The eastern roads, particularly under the influence of the Pennsylvania, are those in the forefront of this disregard for the demands of justice or the needs of the public.

The pretenses of those executives who would deny seniority rights to the most efficient, permanent and reliable employes of the railway systems are hollow indeed. Neither justice to the workers, nor the general welfare, nor even the interests of the railroads themselves can be served by this program. Only those financial interests who short-sightedly seek a temporary profit in the degradation of American labor are served by this policy. To all others who understand its true import it should appeal as a menace to the common good.

Conclusion.

The wage controversy between the railroads and employes looms large in the public eye because the issues are easily understood. But it is significant that, in the overwhelming vote of the shop craft employes in favor of suspension of work rather than to accept (1) reduced wages, (2) changed rules and (3) the practice of contracting out work, the em-

ployes voted even more strongly against acceptance of amended rules and the practice of contracting out work than they did against the acceptance of inadequate wages.

It is difficult to explain to the general public the issues under the rules. One example may be significant; the amendment of rule 6 denied to employes overtime pay for work done on Sundays and holidays, a rule which had been in force for thirty years, even on unorganized roads. It will appeal to the common sense of justice that, if men are to labor on Sundays and holidays, and are to be deprived of religious observances and the pleasure of relaxation and association with their families and fellows on such days of rest, they should at least receive some extra compensation for such sacrifices, and there should be a penalty against the carriers to prevent unnecessary deprivation. It should be clear that those responsible for the amendment of this rule were not in a frame of mind wherein they would do justice to the men in respect to other rules.

As was stated in the chapter concerning the wage controversy, the main difficulty in this entire situation arises from the fact that the Labor Board has been persuaded to put into effect policies favored by, and of benefit to, only a tiny group of the one hundred million people of the United States. To less than fifty thousand persons, the large investors receiving income from fixed investments, it is of great selfish interest that labor may be obtained as cheaply as possible, in order that the dollars which they receive from investments and which they do not earn by their daily labor, may buy as much as possible of the labor of other men. It is to their interest to break down the effectiveness of the self-protecting, democratically governed, organizations of workers, in order to compel the disorganized workers to accept as meager a return as possible for their services.

But it should be reiterated that poorly paid labor, dissatisfied labor, labor made sluggish and inefficient by unfair conditions of work and inadequate wages that promote daily dissatisfaction in a man with himself and with his lot in life—that such labor is not the basis of sound, enduring prosperity, or a proper foundation upon which to build for the future of the family, the community, or our Republic. Nor is there any excuse in America, with its boundless resources, its vast areas of unde-

veloped land, its powerful position in the family of nations, for the degradation of any standard of living yet attained or for any limitation upon the power of the American workers to organize and co-operate to promote the general welfare of all those who do useful work in the world.

Not even the prosperity of the excessively rich is threatened by conditions wherein they are called upon to sacrifice the interests of the few for the good of the many. The operations of the banking combination behind the throne of the railroads can only be described as exhibitions of the stupidity and arrogance of intrenched power. It cannot be too often asserted that the opposition of organized labor to this intrenched power is not a selfish struggle, but an essential part of the constant effort that free labor has been forced to make in every period of modern history to resist the growth of a financial power greater than the power of the government ordained by the people to advance the general welfare. It is all the more important that this resistance of the workers should be made and understood, when the financial power operating behind the scenes brings pressure to bear on governmental bodies and attempts to clothe its selfish private purposes with the trappings of public authority.

"The voice is Jacob's voice, but the hands are the hands of Esau."

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